

## 1.0% COLA EFFECTIVE JULY 1, 2006 FOR ELIGIBLE RETIREES

The Fiscal Committee of the NH Legislature granted a 1.0% cost-of-living adjustment (COLA) for eligible retired employee, teacher, firefighter and police officer members, effective July 1, 2006.

When COLAs are granted, they are compounded and become a permanent addition to a retired member's pension. Any member who has been retired for at least 12 months as of July 1<sup>st</sup> will receive the 1.0% COLA. The COLA will be retroactive to the member's most recent retirement anniversary date. Any beneficiary of a deceased member is also eligible. The COLA and any retroactive adjustment will be included in the July pension payment (issued on July 31, 2006).

For example, a member who retired on July 1, 2005, will be eligible for the 1.0% COLA and will see the increase in the pension payment for July 2006. That member will see no retroactive adjustment because July is that member's most recent retirement anniversary date. A member who retired on March 1, 2005, however, will

**Any member who has  
been retired for at least  
12 months as of  
July 1<sup>st</sup> will receive  
the 1.0% COLA.**

have been retired for 16 months as of July 1, 2006. Effective July 1, 2006, that member will be eligible for the 1.0% COLA. That member's July pension payment will include the 1.0% COLA as well as a one-time retroactive adjustment of the COLA to March 1, 2006 (retroactive adjustment for March 1, 2006 – July 1, 2006), since March is that member's most recent retirement anniversary date.

Retired members who are eligible for a one-time retroactive COLA adjustment will notice that the amount of their July pension payment will be greater than the amount of subsequent payments. Also, any changes in the amount of a pension payment due to COLAs and retroactive adjustments may affect the amount of any applicable federal income tax withholding.

Questions regarding COLAs should be directed to an annuity representative by calling (603) 410-3500 or toll-free (877) 600-0158.

## Why Retirees May Experience A Difference in Net Pay...

Retirees may see a change in the amount of their July and August pension payments due to one or more of the following:

- 1.0% COLA, effective July 1, 2006 (see related article above).
- One-time retroactive adjustment of the COLA for members who have been retired for at least 12 months as of July 1, 2006, and whose retirement anniversary date is not July 1<sup>st</sup> (see related article). Since this is a one-time retroactive adjustment, the retiree's subsequent pension payments will not include this additional adjustment.
- Changes in the retiree's insurance premium amount if part or all of the cost for the health insurance premium is deducted from the retiree's pension payment.
- 8.0% increase in the NHRS medical subsidy benefit for qualified retirees (see related article on page 2).
- Change in the retiree's Federal Income Tax withholding amount, if applicable.

Any one or combination of these variables may result in either an increase or a decrease in retirees' net pay. Retirees may compare earning statement information regarding the composite of their NHRS benefit payments and deduction amounts between June 30, 2006 and July 31, 2006 payments, and the July 31, 2006 and August 31, 2006 payments, to determine changes affecting net pay amounts.

Questions related to health insurance premium increases should be referred to the retiree's former employer or health insurance administrator, not to NHRS.

Specific questions about a retiree's pension amount or NHRS medical subsidy should be directed to an NHRS annuity representative by calling (603) 410-3500 or toll-free (877) 600-0158.

# Health Insurance after Retirement

New Hampshire Retirement System (NHRS) law requires its participating political subdivision employers (school districts, cities, towns, counties, etc.) to allow their employees who participate in NHRS to continue their health insurance after retirement. NHRS law does not require the employer to pay for a retired NHRS member's health insurance. Different provisions apply to retired state employees (employees who retire from state government agencies and departments), whose health insurance is administered and funded by the NH Department of Administrative Services, Division of Personnel.

Separate from the employer health insurance plan, NHRS provides a medical subsidy benefit for its qualified retired members. The medical subsidy is a payment made by NHRS directly to a qualified retired member's former employer or health insurance administrator, applied toward the cost of the retired member's health coverage. The medical subsidy is payable on behalf of the qualified retired member and his/her spouse. (The medical subsidy is *not* a health insurance plan.)

To qualify, Group I political subdivision members (employees and teachers) must retire on or before July 1, 2008, on Service, Early Service, Vested Deferred or Ordinary Disability Retirement. Group I members with at least 20 years of qualified creditable service would become eligible for the medical subsidy at age 60; Group I members with at least 30 years of qualified creditable service would become eligible as early as age 55. Group I members who retired on Accidental Disability Retirement on or before July 1, 2004, qualify for the medical subsidy. Under current law, Group I members who retire after July 1, 2008 will not be eligible for the medical subsidy.

Group II members (firefighters and police officers) who were active or retired as of June 30, 2000, qualify for

the medical subsidy when they retire under Service Retirement with a minimum of 20 years of Group II qualified creditable service; retire on Service Retirement at age 60 or older with no minimum service required; or retire on Ordinary Disability Retirement. Members who became active Group II members prior to July 1, 2005, and who retire on Accidental Disability Retirement, qualify for the medical subsidy.

**The medical subsidy  
is a payment...applied  
toward the cost of  
the retired member's  
health coverage.**

Retired members of political subdivisions should contact their former employer with questions specific to their health insurance plan provisions. Questions about the medical subsidy should be directed to an annuity representative of NHRS by calling (603) 410-3500 or toll-free (877) 600-0158.

Group I state employees who retired after July 1, 2004, are not eligible for the medical subsidy but may be eligible for the state health insurance. More information about state retiree health insurance may be found on the NH Division of Personnel's web site at [http://www.nh.gov/hr/retirement\\_benefits.html](http://www.nh.gov/hr/retirement_benefits.html). Group I state employees who retired on or prior to July 1, 2004, and have questions about the NHRS medical subsidy should contact an annuity representative of NHRS by calling (603) 410-3500 or toll-free (877) 600-0158.

## Medical Subsidy Rates for 2006-2007

Pursuant to the New Hampshire Retirement System (NHRS) statutory provisions, the medical subsidy rates will increase by 8%, effective July 1, 2006. Those rates are listed below.

1 Person .....	\$347.74
2 Person .....	\$695.48
1 Person Medicare Supplement .....	\$219.30
2 Person Medicare Supplement .....	\$438.60

## Legislative Study Committee Researches Special Account

Pursuant to NHRS law, the special account is a component of the NHRS trust fund, which pays for additional benefits in addition to and separate from members' lifetime pensions. Each membership classification of NHRS (teachers, employees, firefighters and police officers) has a separate balance within the special account, and based on those account balances, the New Hampshire Legislature determines whether funding is available for COLAs and other additional benefits, such as the medical subsidy.

The New Hampshire Legislature passed a law in 2005 (House Bill 181) to create a legislative study committee to review the special account. The committee is charged with the task of identifying potential methods for increasing special account balances to provide future COLAs and other additional benefits to retirees. The committee held numerous public meetings during the last several months. The committee is expected to report its findings in summer 2006. To learn more about the legislative study committee, please visit the General Court's web site at <http://www.gencourt.state.nh.us/statstudcomm/> and enter "hb181".

# RECEIVING PENSION PAYMENTS ON TIME WITH ELECTRONIC DIRECT DEPOSIT

All retired members are encouraged to participate in the Electronic Direct Deposit (EDD) program, a safe, efficient way for receiving pension payments. With EDD, pension payments are always electronically deposited into the retiree's bank account on the last business day of the month, and retirees will receive an "advice copy" in the mail, detailing the amount of the deposit and any

applicable deductions. Members who do not participate in EDD are at risk for delayed or lost checks as the result of mail delivery issues. To apply for EDD, visit the NHRS web site, specifically at [http://www.nh.gov/retirement/forms\\_retired.html](http://www.nh.gov/retirement/forms_retired.html) to download the form, or call (603) 410-3500 or toll-free (877) 600-0158 to speak with an annuity representative.

<p>New Hampshire Retirement System 54 Regional Drive, Concord, NH 03301 Tel. 603-410-3578 Toll-free 1-877-600-0158</p>	<p><b>FOR NHRS USE ONLY</b></p> <p>Date Entered _____ By _____</p>		
<p><b>APPLICATION FOR ELECTRONIC DIRECT DEPOSIT (EDD)</b></p>			
<p>To sign up for Direct Deposit, please read the back of this form and complete the information requested in Section 1. Then, complete Section 2 OR 3, to indicate either Checking or Savings.</p>			
<p><b>PLEASE NOTE:</b></p> <p><b>IT WILL TAKE 30 DAYS FROM RECEIPT OF YOUR BANKING INFORMATION FOR THE DIRECT DEPOSIT TO GO INTO EFFECT. YOU WILL RECEIVE ONE PAYMENT BY MAIL. ONCE THE PROCESS IS COMPLETED, YOUR PAYMENT WILL BE DEPOSITED AUTOMATICALLY TO YOUR DESIGNATED ACCOUNT ON THE LAST BUSINESS DAY OF EACH MONTH.</b></p>			
<p><b>SECTION 1</b></p>			
Name _____	SS# _____		
Address _____	Phone Number _____		
City _____	State _____	Zip Code _____	
Signature _____ Date _____			
<p><b>SECTION 2</b></p>			
<p><input type="checkbox"/> Checking Account    <b>Please Attach Voided Check From Checking Account to Receive Direct Deposit</b></p>			
<p><b>SECTION 3</b></p>			
<p><input type="checkbox"/> Statement Savings Account    <b>If Savings Account, Please Have Bank Representative Complete Information Below:</b></p>			
Name of Bank _____	Routing Number _____	Account Number _____	
<p><b>FINANCIAL INSTITUTION CERTIFICATION</b></p>			
<p>As representative of the above financial institution I hereby confirm the identity of the above-named account holder and certify the accuracy of the information above. I further certify that this financial institution agrees to receive and deposit the payment to the recipient's designated account.</p>			
Print/Type Name _____	Signature _____	Telephone # _____	Date _____
REVISED 01/27/06			

# NHRS HAS RELOCATED

THE NEW HAMPSHIRE RETIREMENT SYSTEM (NHRS)  
HAS A NEW ADDRESS AND NEW PHONE NUMBERS:

**NHRS**

54 Regional Drive  
Concord, NH 03301

Phone: (603) 410-3500

Toll Free: (877) 600-0158

FAX: (603) 410-3501

To navigate the NHRS automated phone attendant,  
call the above phone number and  
press option “1” for retiree/annuity assistance.



NEW HAMPSHIRE RETIREMENT SYSTEM  
54 Regional Drive  
Concord, NH 03301